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SUBJECT: 00A59: Annual Economic Review - Nigeria and British Cameroons, 1951.

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SUMMARY

Nigeria continued to rate as one of the "thriving" members of the British Commonwealth family during 1951. There was increase over 1950 in foreign commercial activities and 1951 exports were valued at 68% more than for the previous year. The area again exported much more than was imported. Japanese goods came into a new prominence on Nigeria's import list this year.

Trading activities in Nigeria were high with an increase in hard goods trading. The cost of living continued to rise with attendant hardship for Nigerian workers. Farmers received higher prices for their good crops and did not feel the pinch of inflation to any great extent. Employment opportunities were good but laborers' wages did not keep up with the inflated prices of basic necessities. Construction projects, both public and private, increased over previous years and furnished hundreds of new jobs.

FOREIGN COMMERCE

Nigeria continued to export a much larger amount of goods than she imported, and exports for 1951 exceeded those of 1950 by over 68% in value. Total figures involved are as follows:

Year	£ Value Imports	£ Value Exports
1950	62,796,200	77,418,580
1951	83,201,060	130,238,400

As may be gathered from the above figures, the Nigerian Government continued to impose very heavy restrictions upon imports and to effectively curb the translation of effective demand into imports, particularly from the United States. Pertinent figures are:

Year	£ Value Exports to U.S.	£ Value Imports from U.S.
1950	10,414,178	2,487,907

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Year	£ Value Exports to U.S.	£ Value Imports from U.S.
1951	18,343,194	3,715,886

Thus Nigeria earned six times as many dollars as she was allowed to spend in international trade, a source of a great deal of dissatisfaction and much vocal criticism on the part of the native people.

Nigerian imports by major classes in 1951 showed several changes from the pattern for 1950:

Class of Import	£ Value 1950	£ Value 1951
I Food, drinks, tobacco	7,128,006	11,035,582
II Raw materials and unmanufactured goods	599,931	420,458
III Manufactured articles	51,946,577	71,728,037
IV Animals not for food	696	2,026
V Bullion	2,942,596	14,957

The problem of a shortage of shipping space for exports persisted throughout the year, excepting for shipments to the United States. Delivery dates could not be met by local exporters and African shippers made public accusations that the lines were discriminating against them by giving space to non-African exporters first. Several vessels were placed in West African service by the English lines and by Farrell Lines, but space shortages persisted through the end of the period.

No significant changes were made in the stringent import and export regulations for Nigeria.

As usual, the United Kingdom was the leading source of imported goods, leading the second major supplier more than 6 to 1. Major suppliers were:

Country of Origin	£ Value Exports to Nigeria
United Kingdom	43,467,081
Japan	7,523,587
Netherlands and Possessions	5,388,690
India and Pakistan	4,942,685
Germany	4,493,213
Italy	3,845,683
United States	3,715,886

Total "foreign" imports totalled less than two-thirds of all Nigerian imports during 1951 (£32,488,008 out of £83,201,060 value) with the remainder coming from Empire areas. Nigeria began to feel very strongly the impact of the resurgence of Japanese textiles in 1951 which made Japan the second largest supplier of foreign goods here. The local press carried articles, of both local and English origin, complaining of the unfavorable competitive position of British textile manufacturers as against the mills in Japan. Several of the large distributors of imported merchandise establish sizeable, permanent buying offices in Japan to obtain cheap textiles for the local market.

Countries of destination of major quantities of exports for 1951 were:

Country of Destination	£ Value Nigerian Exports
United Kingdom	96,931,162
United States	18,343,194
Germany	3,197,385
Netherlands	2,853,306
France	1,135,685

Non-Empire purchasers bought £28,374,875 of Nigerian goods out of a total of £126,906,583 with only Germany coming close to selling Nigeria as much as she bought from Nigeria.

Cotton piece goods were the largest import item in total value, followed by nails, cement and corrugated iron sheets. The importation of these latter construction items are a clear indicator of the tempo of building activities in Nigeria, although importers over-stocked on cement under the stimulus of a temporary scarcity in the first quarter of the year.

WHOLESALE AND RETAIL TRADE ACTIVITIES AND COST OF LIVING

During the post-World War II period the purchase of hard goods such as bicycles, sewing machines and building hardware by Nigerians increased an estimated 400 per cent of pre-war amounts; and 1951 saw a continuation of this pattern, with an estimated 100 per cent increase in 1951 purchases of this class of goods. Reliable commercial sources state that although 95 per cent of the trade in this country is in provisions, cheap textiles and other inexpensive staple consumption goods at present, the purchases of durable goods and of the more expensive classes of merchandise has gone from about one per cent in 1946 to approximately five per cent of all sales during 1951. Major importers and distributors feel that 1952 will be an even better year as regards trading because of the increased prices for such major export crops as cocoa and peanuts. Not only is the 1951-52 crop good in these instances but

prices are at a new high.

During the first part of the year the demand for goods, both wholesale and retail, was slower than had been anticipated as the result of a last-minute worsening of crop conditions for the big export produce items at the end of 1950. The Nigerian farmers were shorter of cash than they had expected and this immediately reflected itself in a low effective demand for goods in the first half of the year. Early in the last half of the year wholesale sales stepped up in anticipation of good crops of cocoa and peanuts, with increased retail sales following late in the year as higher prices began to be paid for good crops. The combination of increased demand for and slow deliveries of cotton textiles and sheet iron (corrugated) led to temporary shortages of these two items late in 1951.

Demand for cotton textiles in the low-price class led to a severe shortage starting in October in Northern Nigeria which lasted for several weeks. Several factors contributed to the scarcity of cloth: failure of the manufacturers in England to deliver on schedule, congestion in the port of Lagos (perenial), inadequacy of rail transportation from the coast to the North (perenial), and a sudden spurt of buying by Nigerians who were selling crops at new high prices. To alleviate this shortage the United Africa Company chartered several airplanes to fly textiles from London to Kano, from where they were redistributed throughout the North. The management of UAC state that they lost money on the affair and had taken on the emergency task in pursuance of a previous agreement which they had with the Nigerian Government to assure a ready supply of textiles in the North during the peak demand period.

The same factors which contributed to the shortage of cotton goods led to a scarcity of corrugated iron roofing sheets during the last quarter of 1951. New prosperity among the farmers, particularly in the North, had led them to make large purchases of corrugated iron sheets for roofing new houses. Importers and distributors had not foreseen this demand and found themselves with insufficient stocks; deliveries calculated to catch up with the buying of this item were delayed and a temporary scarcity resulted.

No statistics are available in regard to the cost of living in Nigeria excepting the reports made up by and for the Department and only very generalized information is available for conclusions. There is no doubt, however, in the minds of anyone living here that the cost of living increased tremendously. Observation of market prices and conversations with residents clearly demonstrate price additions of as much as 100 per cent on some items. Nigerians have felt this financial burden strongly and certain classes which benefited less from high prices for produce clamored for

increases in wages to cover the higher cost of the necessities of life. It might also be noted that the going rate for tips, called "dashes", went up during 1951. The increase in purchases of goods other than the bare necessities, both in Lagos and in the country, would seem to indicate that at least a part of the Nigerian population were able to keep ahead of the high prices and come out with a higher real income than in previous years.

The basic merchandising system in Nigeria remained unchanged. Goods continued to pass through six or eight hands from the importer to the consumer with locally produced goods handled by petty traders. Cheap labor enables the many "middlemen" who handle imported goods to make a substantial profit despite very small mark-ups on any given unit. The largest distributor of merchandise in this area informed the reporting officer that attempts throughout the year by certain traders to mark up the prices of their goods in areas where there was little competition had been forestalled by the public by the simple device of going directly to this company's outlet and buying directly instead of from their customary trader's store.

CROP CONDITIONS AND MOVEMENTS

A slow-starting rainy season prompted all sorts of pessimistic estimates in regard to the cocoa and peanut crops during the first half of the year, however conditions worked out somewhat differently. Good October rains in the North made it very clear during the last two months of the year that the 1951-52 peanut crop would be a near-record or record amount. Peanut prices were also fixed a new, higher figure by the Marketing Board. These same rains which so aided the North brought uncertainty to the cocoa farmers in the West. The heavy rains brought prospects of a high incidence of "black pod" in the 1951-52 cocoa crop, bringing only an average yield to be sold at the new, higher prices. A very good cotton crop for the 1951-52 season was expected.

During the first quarter of the year the results of the 1950-51 buying seasons for several products which carried over into 1951 were made known. The peanut crop was below average, the sesame seed crop was almost one-third lower than the previous year and oil palm products exports were also low.

The leading agricultural products, in value, exported from Nigeria in 1951 were cocoa (£36,565 264), palm kernels and oil (£36,032,831), peanuts (£10,144,445, and bananas (£2,202,576). Aside from tin ores and livestock hides agricultural products are the leading export items from Nigeria and clearly show this area's contribution to international markets as an important supplier of certain raw materials to which the country is particularly suited.

Announcement was made of the tabulations made during the year

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in regard to the number of mixed farmers in the Northern Region. Ten years ago, in 1941, these provinces had only about two thousand farmers growing more than one crop on their lands; the 1951 tabulation showed a total of 8,841 mixed farms - 5,500 of these farmers were villagers, 722 were Village Heads and 380 of the farms were being run by Emirs or Native Authority officials. Agricultural officials are still very much concerned with the problem of stimulating mixed farming in the North to assure steady local food supplies in the area but the above survey shows that a great deal of headway has been made. Mixed farming is particularly important to the North because of the uncertain rainfall which may well cause an individual farmer to lose a year's income if he has but a single crop.

Rainfall was well below average in the Eastern Region late in the year but this had little effect upon any major export crops as the prevailing pattern of this area is that of production for consumption locally. The 1951 maize crop in this region was sharply reduced by rust, which destroyed as much as 60% of the crop in some provinces. Crops of such foods as yams, cassava root and garri varied greatly within the Region, and even within the provinces, so that no generalizations may be made as to either prices or crop conditions.

Western Region food crops were good with the exception of the months of September and October. During these months yams and garri were short and prices in the markets considerably higher than the previous year.

Cereal food crops in the North were damaged by smut which followed the heavy rains but there was no real shortage at any time. Heavy peanut yields and good prices for these tubers prompted Northern market people to boost food prices considerably in the last quarter of 1951. This was a particular hardship for those who were depending upon the international hides and skins market for their income. The hides and skins trade fell off badly in the third quarter with a resultant serious financial loss to the herders and their families. This same slack market for hides led to a diminution of livestock killings and contributed to last quarter meat scarcities in Lagos.

Most important factor in dislocation of crop and food products movements from upcountry into the Lagos area was a railway slowdown strike in December. Supplies of all local foods became very short during the strike and prices in Lagos rose as much as 100%. The railroad workers earned a great deal of ill-will from the people in Lagos by their obstruction of the shipment of yams and garri, staple native food, into the city.

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MANUFACTURING AND POWER INDUSTRIES

There was no significant change in the manufacturing picture in Nigeria during 1951. None of the small industrial and manufacturing establishments previously established by the Department of Commerce and Industries have yet advanced beyond the "pilot" stage. A small establishment started by a private party to manufacture cotton underclothing late in 1951 had turned out no items by year's end because of difficulties in obtaining yarns.

The West Africa Soap Company Ltd., near Lagos, reached a production of about 100,000 bars of soap per week by the end of the year. This plant, only soap producer in Nigeria, turns out only unpackaged bars of common yellow soap for mass consumption.

1951 production by the Nigerian Brewery Limited in Lagos was higher than that of the previous year, although still nowhere near sufficient to fill the local demand for beer. The production was as follows:

Beer

110,972 cases of 48 bottles (65 ctl. each).

Minera Water

36,274 cases of 48 bottles (65 ctls. each)

Distilled Water

107 cases of 48 bottles (65 ctls. each)

During 1951 this company heightened the advertising campaign on behalf of their "Star" brand beer in an effort to raise its public classification from "the poor man's beer" to one of competition with imported beers.

EMPLOYMENT AND LABOR CONDITIONS

Statistics are not available to prove the fact, but it is generally felt that wages did not keep up with the increased prices during 1951. There were spotty wage increases for employees given by private firms but no overall scheme for meeting the higher price level. The Nigerian Government calculates that their employees needed salary and wage increases of at least ten per cent to match price increases but were unable to work out the granting of new scales by the end of 1951.

The number of persons employed continued to climb during the

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year. Nigerian Labor Department people state that "no man who wanted to work couldn't find a job" and that anybody who wanted work could have it." This idea may be an exaggeration but it is certain that job opportunities were plentiful for unskilled workers. As in previous years, the demand for skilled workers far exceeded the supply.

TRANSPORTATION AND COMMUNICATIONS

The transportation and communications scene in Nigeria during 1951 was characterized by a slow expansion of both types of facilities. The year saw serious public criticism of the slowness of telephone and telegraph facilities in the interior. Lagos' new and long-awaited dial telephone system and central office was still not in operation at the end of the year. Several new sections of laterite roads were built throughout Nigeria, including cocoa roads built under the aegis of the Cocoa Marketing Board, and an abnormally large number of new bridges were put in.

Nigerian Railway undertook no significant expansion of facilities during 1951 and ended its fiscal year with its usual deficit. The operations of the system were at a very low level at year's end as the result of a railway slowdown which began in December.

Additions were made in the radio-telephone system in the interior. This network is slowly growing and should prove to be the answer to the difficult problems of establishing and maintaining telegraph lines in the jungle. So far the sections of the radio-telephone system which are operating have proven to be very efficient.

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Several new busses were put into operation by local companies but the basic inter-city bus service continued to be furnished by the so-called "mammy wagons" or converted trucks. The very large number of accidents involving these conveyances led to a tightening of inspection and roadworthiness tests for them in most areas. Drivers and owners in the Western Region threatened to strike if the new rules were enforced but finally accepted them without any stoppage of service.

Railway haulage increased over 1950 by 50,000 long tons.

The West African Airways Corporation, only domestic line,

upped its flight mileage to 1,150,000 miles, 110,000 more than the previous year.

FINANCIAL ACTIVITIES

There was no significant change in the loan policies of the major banks in Nigeria during 1951. Several new banks were established during the period, most of them native banks with relatively small capitalization.

Government borrowing was small and those official loans made to the Nigerian Government were from the Native Authorities and the Development Boards. The Government budget still carried a surplus of revenue over expenditures.

Currency in circulation increased slightly but there was a shortage of coins in the last quarter due to heavy agricultural trade in the North. Sellers in that area will not generally accept payment in currency and emergency supplies of coins were called into use.

MINERAL ACTIVITIES

Mineral production during 1951 was substantially the same as the previous year. Actual production statistics were not available but, with the exception of coal, export figures very nearly equate production. Exportation of minerals for 1951 were as follows:

Item	Long Tons Exported	£ Value
Coal	98,610	186,389
Columbite	1,092	838,713
Tin Ores	11,753	8,974,372
Wolfram	19	30,839
Other Metallic Ores	79	14,992
TOTAL	111,553	10,045,305

The relative value of Nigerian exports of minerals in 1951 was much higher than in 1950 despite similar production because of tremendous increases in the world prices of such ores.

Higher prices, bringing an average profit of over £300 per ton on tin ore, did not, however, stimulate production appreciably. Some of the operators in the mining area made special efforts to cut down mineral losses during the first processing stages but no major efforts to up production were taken. The major lead-zinc producer at Abakaliki had not yet received the advanced mining machinery from the United States on order all year. One new coal seam has been developed, but contributed only 300 tons by the end

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of 1951. The main colliery at Enugu was hampered by power shortage in the Fall due to prolonged dry weather in the hydro-electric producing area. Very little time was lost in 1951 in the mining operations from strikes.

Major labor difficulty affecting the mines was a railway slowdown strike at year's end. A long standing salary dispute among the locomotive engineers flared up in December and brought rail hauling almost to a halt. Stocks of coal piled up at the colliery and many small towns were without sufficient coal to produce a normal supply of electricity.

Oil exploration yielded no productive wells.

CUSTOMS TARIFFS AND EXCHANGE RESTRICTIONS

The very close control of exchange was continued throughout the year 1951 with no significant changes excepting the reduction of the amount of currency which Nigerian travelers could take with them on trips outside of the area. Customs regulations were, on most items, revised to raise import duties slightly all along the line but no basic changes in import-export policies were made.

In January 1951 there was a freeing of most items for export to the so-called "scheduled territories" excepting beer, butter, cheese, ghee, rice, tobacco, movie films and raw gold. All of these items need a Specific License to be exported from Nigeria, even to the scheduled territories (British areas).

Because of a temporary short supply situation applications were authorized for the importation of cotton yarns, iron and steel bars, corrugated iron sheets, holloware and buckets in June. This system was short-lived and was terminated in August along with the authorization to import certain textiles from the United States. During 1950 licenses were set up for the importation of shirting, bafts and drills from the United States, Canada and other "dollar" area countries; but these licenses were cut off in August 1951 on the grounds that there was once again available a supply from what the Government referred to as "normal" sources (British).

June 1951 also saw the beginning of licenses to import certain goods from Japan and a great many import authorizations were issued after that date.

LAWS, DECREES AND REGULATIONS AFFECTING NIGERIAN ECONOMY

One of the most significant new ordinances of 1951 was that which established a tight produce inspection system with stiff penalties to enforce it. This measure was intended to improve

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the quality of Nigerian produce--a problem with which the Government had been grappling for a long time. The problem, of course, was not completely resolved by this ordinance but improvement was begun. This ordinance dealt with the inspection and grading of cocoa, rubber, cassava starch, palm oil, palm kernels, seed cotton, peanuts and capsicums. The Department of Commerce and Industries was to carry out the new inspections as an extension of their previous responsibilities.

During June 1951 an ordinance (retroactive to April 1) was promulgated which authorized the Government of Nigeria to borrow money from such agencies as the Native Authorities, the Local or District Councils, the Town Councils and West African Airways Corporation. The retroactive clause of the ordinance was necessary because the Government had already contracted some loans of this type prior to the date of the ordinance.

BUILDING AND CONSTRUCTION ACTIVITIES

The construction of new buildings throughout all Nigeria continued at a high level. Lagos itself continued to be a scene of building boom, with local construction houses unable to satisfy the demands made upon them.

A. W. Childs
American Consul General

Sources:

Interviews with Government officials.
Nigeria Trade Summary.
Reports of Nigerian Government Departments.
Interviews with private businessmen.
Newspapers.

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